

Matching Funds: An Accountability Challenge

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Donal Keane & Paul McEneaney, Science Foundation Ireland



SFI - A Brief History

- Established in June 2000 as a Committee of Forfás (Ireland's National Policy Advisory for Enterprise and Science)
- Became a Statutory Body in July 2003
- Funds basic research in Information, Communication and Emergent Technologies (IC&ET), Life Sciences & Energy
- Major Programmes include Centres for Science, Engineering and Technology (CSET), Strategic Research Clusters (SRC), Principal Investigator (PI) and Research Frontiers
- To date over 2,400 awards have been made with a commitment value in excess of €1.3 billion
- Total payments since inception €832 million

Purpose of today's presentation



- To highlight the issues that arise when industry partners are required to contribute toward the cost of an award
- To stimulate discussion on how to verify 'in kind' contributions received from industry partners
- We do not have all the answers but we welcome your suggestions and encourage you to share your experience!



Background



- Two of SFIs award programmes require “matching funds” from industry partners at a minimum level of 25 % of the Direct Costs
 - Centres for Science, Engineering and Technology (CSET)
(Typical award size €13 million direct costs , 5 years duration)
 - Strategic Research Clusters (SRC)
(Typical award size €6 million direct costs, 5 years duration)

Background - continued



- Many of the existing CSET's and SRC's are now submitting applications for second term funding.
- Initially the emphasis was on verifying that the industry partner was actively engaged in the research rather than focussing exclusively on the financial aspects
- Reviews initiated by SFI Grants Department discovered problems in verifying matching funds from industry partners



Matching Funds – issues noted from 1st Round Funding



- In almost all cases Matching Funds were in the form of ‘in kind’ contributions rather than cash
- The nature of the ‘in kind’ funding was varied and often difficult or impossible to verify
- The failure to require periodic reporting of the value and substance of Matching Funds received resulted in it being given a lower priority



Matching Funds – ‘In Kind’ Contributions



Forms of ‘in kind’ contributions:

1. Personnel

This is usually the largest element of cost share provided by industry partners

Issues noted

Verification of the cost of the contributions is difficult

- Individual names may not be provided
- Individuals may work on the project on a full or part time basis
- Individuals may be based outside host institutions (some abroad) and may not be validated through time sheets or other documentation
- Multiple staff may be grouped as a single whole time equivalent
- Salary figures used to calculate the value of industry staff time may not be validated to establish if “fully loaded” or not

Matching Funds – ‘In Kind’ Contributions



Forms of ‘in kind’ contributions:

1. Personnel (continued)

Possible solutions

Industry partner should agree in advance the basis of the cost attributed to the award

- Time sheets or other documentation should be made available
- Salary figures should be disclosed to establish if “fully loaded” or not

Other suggestions?



Matching Funds – ‘In Kind’ Contributions



Forms of ‘in kind’ contributions (continued):

2. Equipment

The Industry partner may donate equipment for the exclusive use of the project or may make specialist equipment available to the researchers for a set period

Issues noted

- Difficulty in verifying the value of equipment donated
 - Equipment may have been manufactured by the industry partner
 - Equipment may be second hand
- Difficulty in verifying the value of access to equipment
 - Limited access to specialised equipment may be provided. Number of hours or days usage may not be recorded
 - Hourly or daily charge may be difficult to verify

Matching Funds – ‘In Kind’ Contributions



Forms of ‘in kind’ contributions (continued):

2. Equipment (continued)

Possible solutions

Industry partner should agree in advance the basis of the cost attributed to the award

- If the equipment is purchased a copy of the invoice should be made available
- If ‘access only’ is provided timesheets and the basis of the hourly or daily charge should be made available

Other suggestions?



Match Funding – ‘In Kind’ Contributions



Forms of ‘in kind’ contributions (continued):

3. Use of proprietary software programmes

The Industry partner may donate proprietary software programmes for the exclusive use of the award or may make specialist software programmes available to the researchers for a set period

Issues noted

- Difficulty in verifying the value of software donated
 - Software may have been developed ‘in house’
 - Software may have been purchased many years ago. What is its current value?
- Difficulty in verifying the value of use of proprietary software
 - Limited access to specialised software may be provided. Number of hours or days usage may not be recorded
 - Hourly or daily charge may be difficult to verify

Match Funding – ‘In Kind’ Contributions



Forms of ‘in kind’ contributions (continued):

3. Use of proprietary software programmes

Possible solutions

Industry partner should agree in advance the basis of the cost attributed to the award

- If ‘access only’ is provided timesheets, and the basis of the hourly or daily charge, should be made available

Other suggestions?



Matching Funds – ‘In Kind’ Contributions

Other forms for ‘in kind’ contributions



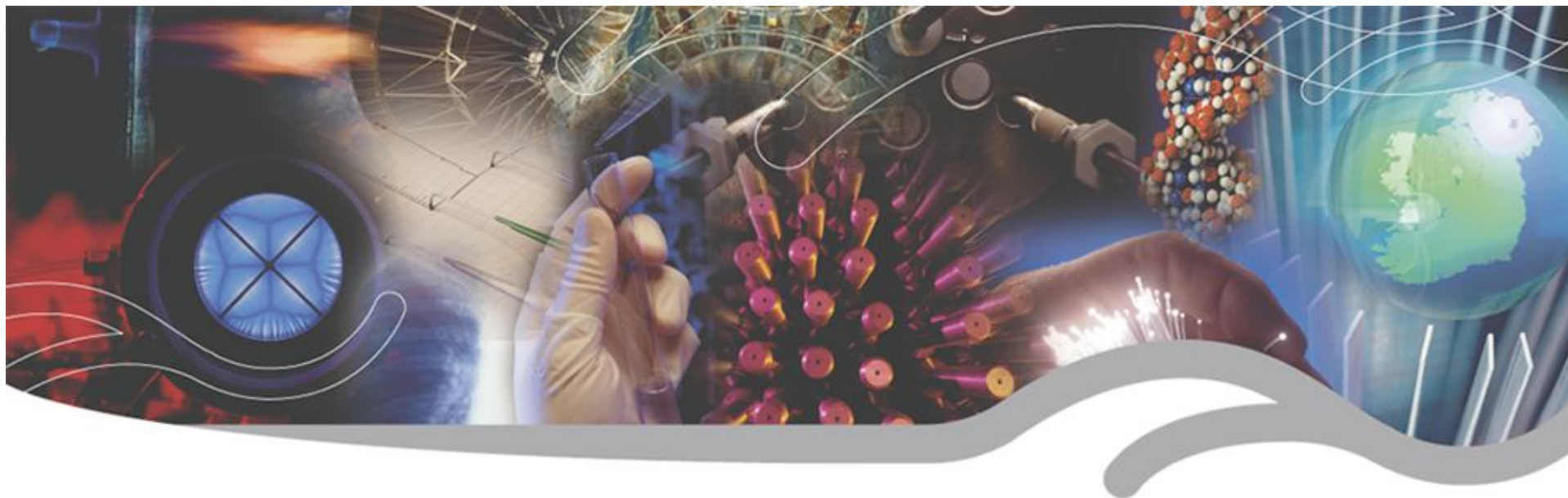
- 4. Access to specialist facilities
- 5. Access to proprietary materials or corporate knowledge
- 6. Provision of specialised accessories
- 7. Provision of samples, materials or consumables



Matching Funds – Lessons Learned



- Basis of “in kind” cost of materials, use of computer programmes etc to be agreed at outset.
- All documentation must be available for audit purposes if required
- Responsibility will lie with Research Body to ensure proper validation of matching funds is adhered to
- CSETs / SRCs to report on a regular basis on value of cost share



www.sfi.ie

email info@sfi.ie

tel +353 1 607 3200



science foundation ireland
fondúireacht eolaíochta éireann